

# CORPORATE PROFILE

Bank Gaborone Limited, a subsidiary of  
Capricorn Investment Holdings (Botswana) (Pty) Limited



NOVEMBER 2008



**André Barnard**  
Managing Director  
Bank Gaborone

We are privileged to introduce Bank Gaborone Limited to you.

Bank Gaborone is a newly established bank in the Botswana market and a subsidiary of Capricorn Investment Holdings Limited, a fast-growing regional financial services group in Namibia.

On the 1st of February 2006, Bank of Botswana issued a license to Bank Gaborone Limited to commence with its full retail banking business. Since then, our focus has been to set up our operations, systems and processes and, more importantly, to recruit the right people in key positions.

We have been successful in attracting local, knowledgeable and experienced staff and have secured strong technical backing and support from a fellow group company, Bank Windhoek, one of the leading Namibian commercial banks.

This introductory profile provides you an overview of our operations, our heritage and our shareholders. We would welcome the opportunity to visit your offices to present our credentials and discuss how we could be of service to you.

We look forward to making banking a rewarding experience for you as an individual or organisation.



**André Barnard**  
Managing Director

## Background

Capricorn Investment Holdings Limited (CIH), a leading Namibian financial services group and owner of Bank Windhoek Limited, took a strategic decision in 2002 to expand its banking operations beyond the boundaries of Namibia into the SADC region.

Following an in-depth assessment of the socio-economic environment, business climate and risk profile of various SADC member countries, the Board of CIH in Namibia took the view that Botswana was the most appropriate country in which to commence the group's cross-border expansion programme.

The group structure of CIH, as well as salient financial information of Capricorn Investment Holdings Limited (CIH), Capricorn Investment Holdings Botswana (Pty) Limited (CIH Botswana) and Bank Windhoek is attached as **Appendix A.**

CIH, through BOG Reserves Botswana Limited, approached Bank of Botswana for a banking licence in December 2004. The application was approved in May 2005, subject to certain conditions. Bank of Botswana then conducted a series of inspections both at the proposed Bank Gaborone offices in Botswana and at Bank Windhoek in Namibia, in order to satisfy all the requirements.

Having complied with all the conditions and stringent requirements of Bank of Botswana, Bank Gaborone Limited (previously BOG Reserves Botswana Limited) was registered under the number C0.2004/8812, as well as was issued with a full commercial banking licence (BA/95/010) on the 1st of February 2006.

## Corporate Profile

Bank Gaborone's long-term strategy includes offering accessible and affordable banking products and services to the market through innovation and optimum use of technology.

### **Vision**

To be Botswana's bank of choice

### **Core Purpose**

To make banking a rewarding experience for all our stakeholders

### **Brand Character**

Bank Gaborone is honest, responsible and friendly and values loyalty and long-term relationships

### **Slogan/Pay-off Line**

Growing together. Re gola mmogo.

## Local Ownership

The vision of the Bank is to become Botswana's bank of choice, and create a bank that citizens can call their own. It is, therefore, the firm intention to offer a significant shareholding of the bank to citizen investors.

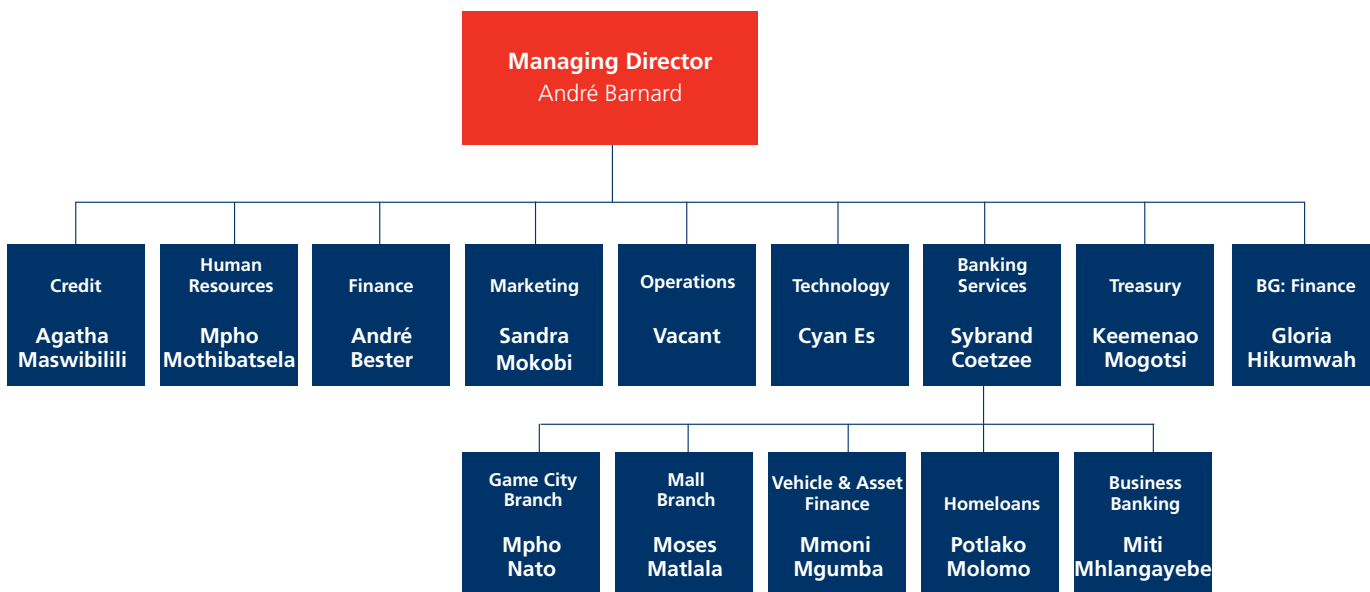
## Location

Bank Gaborone operates from its spacious and accessible Mall Branch situated on **Plot No 5129, Queens Road, The Mall. Contact number: (+267) 3671500 / 3671600, Fax number: (+267) 3904007.**

# Organisational Structure

By employing the right people and developing them to achieve their full potential we aim to provide highly efficient, friendly and great service to our customers.

The team is in place and has been drawn from among the best talent in the banking industry in Botswana, while the majority of our key positions are filled by Botswana citizens. Our management structure is as follows.



# Operations

## Retail Banking Services

Through its flagship branch in the Mall, the bank offers a comprehensive range of retail products which include: Cheque, Savings and Notice Deposit Accounts as well as Investment Products. Bank Gaborone now has over 29 ATM's across the country as part of its growing distribution network.

## Specialised Finance

### Bank Gaborone Homeloans

Bank Gaborone's valued homeloan clients are individuals, businesses and organisations who are in the market for competitive and tailor-made finance either for buying and/or building of residential or commercial properties as well as acquisition of land.

### Bank Gaborone Vehicle and Asset Finance

Should you require a car or other moveable assets Bank Gaborone could assist you by offering competitive vehicle and asset finance options.

## Business Banking

We have an established business unit where we provide non-stop service to business clients and the same facility caters for high net-worth clients where we offer one-on-one personalised service.

### Bank Gaborone Treasury and Foreign Exchange

The division offers a wide range of money market foreign exchange products to the market, at competitive rates.

# Technology and Innovation

During the set-up phase, Bank Gaborone entered into a strategic partnership with Bank Windhoek, which allows it to access state-of-the-art banking and related systems and technology. During 2007 Capricorn Investment established a new technology company, CYAN ES, to manage and support all our systems and technology. CYAN ES which is based in Johannesburg is Bank Gaborone's technology support partner. As a green field operation, Bank Gaborone also has the unique opportunity to innovate and to supplement its core banking systems with the latest available technology, especially in terms of service delivery channels, making banking more accessible, affordable and rewarding for citizens who choose Bank Gaborone for their banking needs.

# Financial information

The table below is an extract from the audited financial statements of Bank Gaborone Ltd as at 30 June 2008.

**Table 1: Bank Gaborone Financial Statements (as at 30 June 2008)**

	2008 P million	2007 P million	2006 P million
Interest income	90.2	30.9	5.05
Profit/(loss) before tax	2.7	(0.1)	(1.0)
Profit/(Loss) after tax	1.9	0.2	(1.0)
Total assets	630.4	268.2	64.3
Shareholders' equity	67.4	55.5	50.7

## Governance

The CIH Group is built on the foundation of sound corporate governance. Our Group Corporate Governance Statement is attached as **Appendix B** to this profile.

Set out below is a brief resumé of the Board of Directors of Bank Gaborone, the members of which are responsible for oversight and governance of the company.



**Koos Brandt**  
Chairman

Koos Brandt was appointed as Chairman of the Board of Directors of Bank Windhoek Limited on the 1<sup>st</sup> of April 1982 and to the Board of Directors of Capricorn Investment Holdings Limited on the 5<sup>th</sup> of September 1996. Koos was a founding member of Bank Windhoek. He grew up in Otjivanda/ Chongwe in the Otjozondjupa region of Namibia. Koos studied law at the University of Stellenbosch and practiced as a commercial lawyer for over 30 years.



**André Barnard**  
Managing Director

André Barnard succeeded Koot van Vuuren as Managing Director of Bank Gaborone on 1<sup>st</sup> of July 2006. André's career in banking spans over 30 years, beginning with Stannic, then moving on to Swabou Building Society, Namib Building Society (Namib Bou) and Bank Windhoek in Namibia. During the ten years with Bank Windhoek he has served in various executive management positions and supervised a wide range of functions within the bank. He holds a Bachelor of Commerce Degree from the University of South Africa, majoring in Economics and Industrial Psychology.



**Johan Swanepoel**  
Non-executive Director

Johan Swanepoel was appointed Managing Director of Bank Windhoek Limited and Capricorn Investment Holdings Limited on the 1<sup>st</sup> of July 1999 and is currently the Group Managing Director of the Capricorn Investment Holdings Group. He completed his B.Comm (Accounting) degree in 1979 at the Rand Afrikaans University (RAU) and obtained his B.Comm (Hons.) degree in 1981. He qualified as a Chartered Accountant CA (SA) in 1982, after joining Coopers & Lybrand (now PricewaterhouseCoopers) in 1980. He was elected Managing Partner of the firm in Namibia in 1989.



**JJJ (Koot) van Vuuren**  
Independent Non-executive Director

Koot van Vuuren was appointed Managing Director of Bank Windhoek Limited in April 1996 and worked in this capacity until 30 June 1999. After that he served as a non-executive director of Bank Windhoek. Mr. van Vuuren was employed as MD of Bank Gaborone from August 2005 to June 2006, when he was succeeded by André Barnard. Before that he was the MD of Volkskas Bank until its merger with ABSA, after which he became ABSA's Executive Director of Commercial Banking. His working career spans 57 years in banking. He has worked in South Africa, Namibia and Malawi.



**Peter Collins**  
Independent Non-executive Director

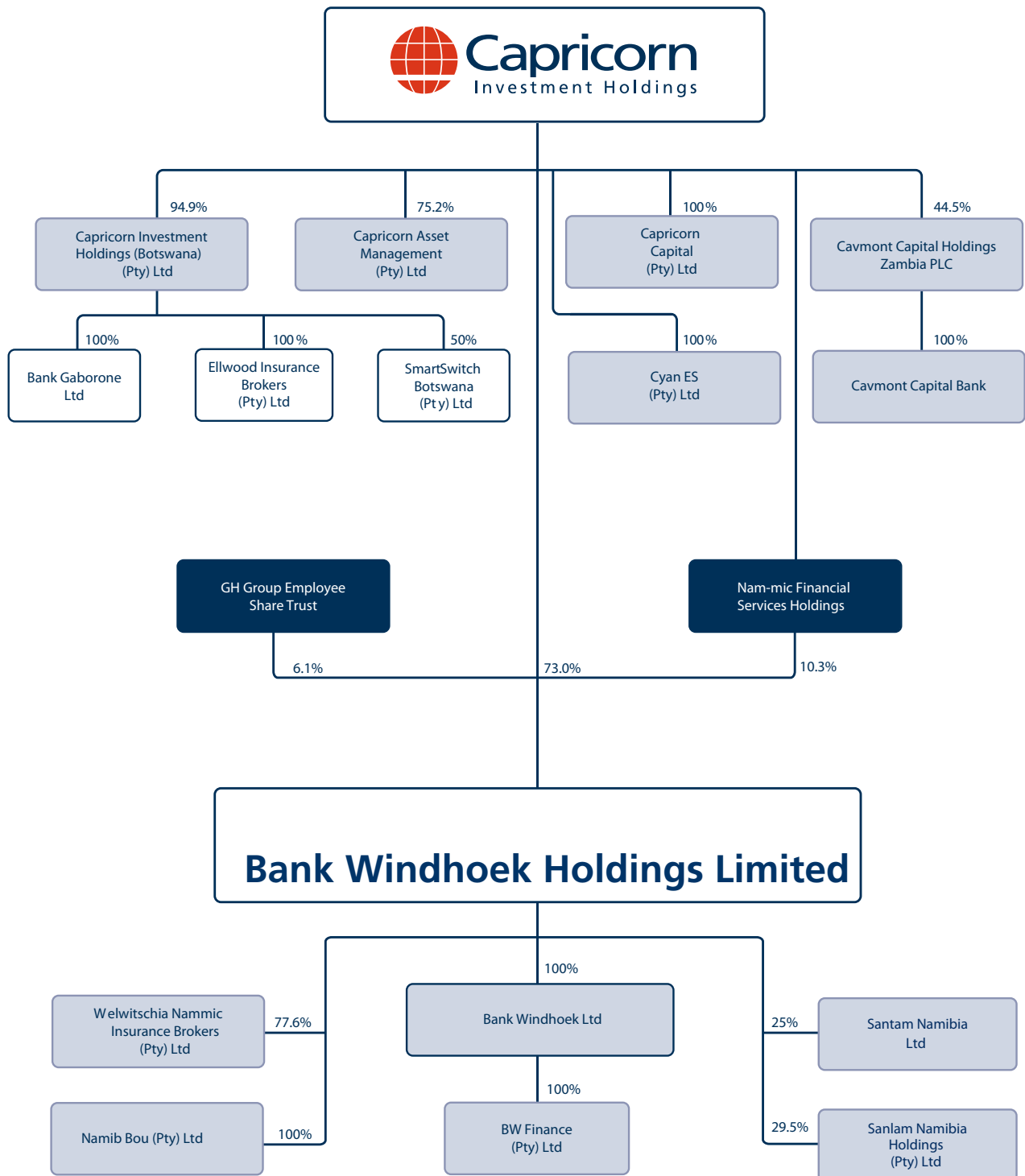
Peter Collins has been in legal practice for the past 38 years, 28 of which in Botswana. He was a founding partner of Collins Newman & Co from which he retired in 1998 to join the bench as a High Court judge. In 2005 he returned to legal practice as a specialised consultant (Collins Legal Consultants) focusing primarily on commercial chamber work for corporate and parastatal clients.

## Appendix A

# Group Structure

As at 30 November 2008

Below is a visual representation of the Capricorn Investment Holdings Group shareholding structure



## Appendix B

# Capricorn Investment Holdings Limited

## Corporate Profile

Capricorn Investment Holdings Limited (CIH), a leading financial services group, took a strategic decision in 2002 to expand its banking operations beyond the boundaries of Namibia into the SADC region.

Following an in-depth assessment of the socio-economic environment, business climate and risk profile of various SADC member countries, the Board of CIH in Namibia took the view that Botswana was the most appropriate country in which to commence the Group's cross border expansion programme.

## Group Companies

**Capricorn Investment Holdings (Botswana) (Pty) Limited** is the Group's investment holding company in Botswana. The company has controlling interest in Bank Gaborone Limited.

**Capricorn Asset Management (Pty) Limited** is a vehicle for domestic market trading services, including money and capital market products.

**Cavmont Capital Holdings Zambia Plc** is a listed bank holding company in Zambia, which owns all the shares of Cavmont Capital Bank Limited.

**Santam Namibia Limited** is Namibia's largest short-term insurance company.

**Cyan Enterprise Solutions (Cyan ES)** is the Group's IT shared services company and the newest member within CIH.

## Financial Performance

**Salient Financial Indicators** - Extract from the audited Annual Financial Statements as at 30 June 2008

**Table 2: Important Ratios (as at 30 June 2008) for CIH Limited**

	2008	2007	2006
Net Profit After Tax (N\$ million)	242.8	195.7	186.7
Earnings per Share (cents)	5.495	4.448	2398
Dividends Per Share (cents)	750	1450	150
Shareholder's Equity (N\$ million)	1069.4	860.8	990.7
Total Assets (N\$ million)	11591	9472	8002
Return on Equity (%)	25.2%	21.1%	20.2%
Return on Assets (%)	2.3%	2.2%	2.3%



## Appendix C

# Bank Windhoek Limited

### Corporate Profile

Bank Windhoek Holdings Limited is the BancAssurance holding company of the CIH Group in Namibia. Bank Windhoek Holdings Limited owns all the shares in Bank Windhoek Limited, a leading Namibian commercial banking operation and the group's flagship brand in Namibia.

### Group Companies

**Bank Windhoek Limited** is a leading commercial bank in Namibia commanding a market share of approximately 25%. The Bank's assets at 30 June 2008 totaled N\$10,406 million and it has been awarded a national long term credit rating of AA.

**Welwitschia Nammic Insurance Brokers (Pty) Limited** is one of the largest short term insurance broking companies in Namibia, servicing both the individual and corporate market.

**Nam-mic Financial Services Holdings (Pty) Limited** is the leading broad-based empowerment company in Namibia. It is ultimately owned by the members of the country's five largest trade unions and their dependants.

**Sanlam Namibia Holdings (Pty) Limited** comprises two insurance companies, namely Sanlam Namibia and Namibia Life Office (a result of the merger between Namlife and Capricorn Life), targeting both the middle to top-end of the market and the lower and lower-middle income market respectively. The company also houses the combined unit trust business (currently ten unit trust funds under management) of Sanlam and Capricorn Investment Holdings.

**Vneshtorgbank (VTB)**, the second largest bank in the Russian Federation, signed a joint venture with Capricorn Investment Holdings in July 2006 for the purpose of attracting Russian and foreign businesses and investments to the Namibian and other regional markets.

**Namib Bou (Pty) Limited** is involved in property development and investments in Namibia.

### Financial Performance

Bank Windhoek has successfully banked Namibians over the past 24 years, delivering value to all its stakeholders as indicated in the financial results below.

**Table 3: Important Ratios (as at 30 June 2008) for Bank Windhoek Limited**

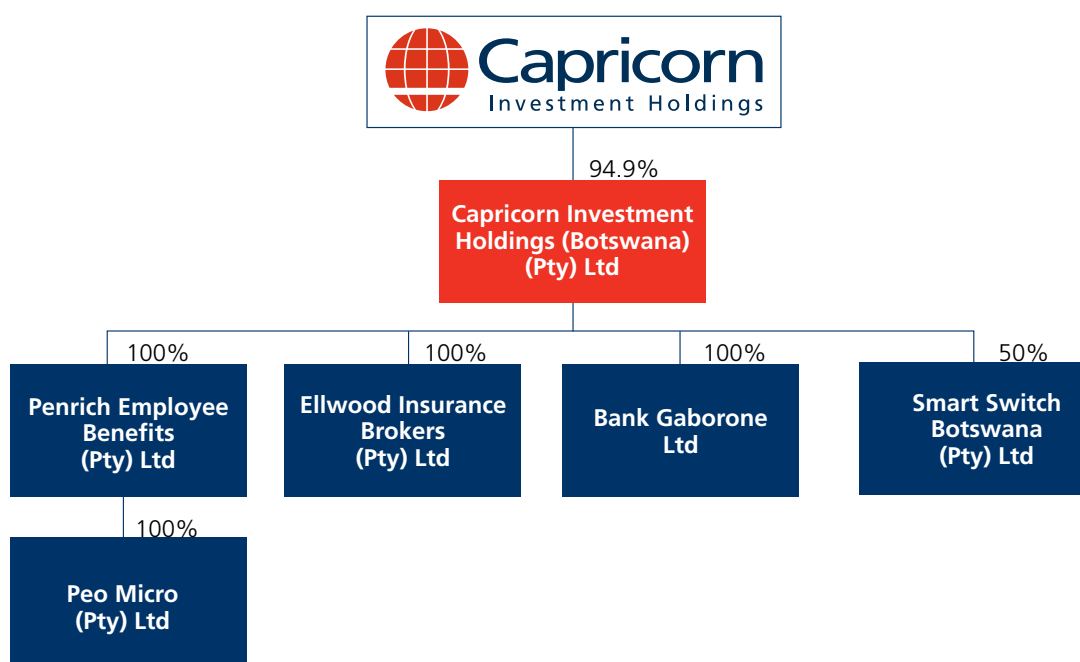
	2008	2007	2006
Profit before Tax (N\$ million)	301.5	248.0	195.6
Profit After Tax (N\$ million)	208.7	163.2	129.2
Shareholders Equity (N\$ million)	913.3	614.4	536.7
Return on Assets	2.2%	2.0%	2.0%
Return on Equity	27.3%	26.6%	24.1%
Cost to income ratio	56.3%	53%	54.4%
Total Assets (N\$ million)	10.407	8.742	7.453
Growth in Advances	14.5%	15.3%	29.1%
Capital Adequacy Ratio	13.6%	12.5%	13.5%
Provision for Impairment: advances	1.4%	1.6%	1.7%

## Appendix D

# Capricorn Investment Holdings (Botswana) (Pty) Limited

CIH Botswana is a Botswana-registered company with a diversified financial services portfolio, which fulfills the role of a holding company for its Namibian holding Company. Please note the change at the end.

The current Group structure is as follows:



**Bank Gaborone Limited** is a bank registered in Botswana and acquired its banking license in 2006, since then it has been conducting full retail banking operations.

**Ellwood Insurance Brokers (Pty) Limited** trading as Penrich Insurance Brokers, wholly owned by Capricorn Investment Holdings, provides a wide range of credit life, funeral and other insurance and related products to the market.

### CIH (Botswana) (Pty) Limited

**Salient Financial Indicators.** Extract from the Audited Financial Statements as at 30 June 2008

**Table 4: Important Ratios (as at 30 June 2008)**

	2008	2007	2006
Interest income (P million)	94.1	67.7	40.7
Profit before tax (P million)	1.8	19.6	18.9
Profit after tax (P million)	0.4	7.9	12.1
Shareholders' equity (P million)	61.4	51.0	48.1
Return on assets (%)	0.1%	3.2%	7.6%
Return on equity (%)	0.7%	16.3%	28.8%
Total assets (P million)	659.0	335.20	152.9
Provision for impairment (%)	2.5%	3.4%	10.3%

## Appendix E

# Capricorn Investment Holdings Limited: Group Corporate Governance Statement

Capricorn Investment Holdings Limited and its subsidiaries (the Group) are committed to the principles of openness, integrity and accountability and the directors recognise the need to conduct the business of the Group with integrity and in accordance with generally accepted corporate governance practices.

### 1. BOARD OF DIRECTORS

The Company's board and those of its subsidiaries consist of executive and non-executive directors. The boards are balanced so that no individual or small group can dominate decision-making. The boards meet regularly and retain full executive control over the companies concerned. The boards operate in terms of a formal written charter. Each board monitors its management, ensuring that material matters are subject to board approval. Each board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the company. The executive management attends board meetings by invitation. The roles of the chairperson and managing director do not vest in the same person. The chairperson and managing director of the respective group companies provide leadership and guidance to their company's board, encourage proper deliberation of all matters requiring the board's attention, and obtain optimum input from the other directors. New appointments to the board are submitted to the board as a whole for approval prior to appointment.

#### *Non-executive directors*

The majority of board members of the group companies are non-executive directors. Two of the non-executive directors of the Company are independent. Non-executive directors bring with them diversity of experience, insight, and independent judgement on issues of strategy, performance, resources, and standards of conduct. Non-executive directors have no service contracts with the Company and are appointed for specific terms. Recommendation of members for re-appointment is not automatic, but considered individually, based on their contribution.

#### *Executive directors*

Being involved with the day-to-day business activities of the Group, these directors are responsible for ensuring that decisions, strategies and views of the board are implemented. There are four executive directors on the board, all of which have open-ended employment contracts. The board of directors has adopted a Board Charter that details responsibilities of the directors and committees.

#### *Company secretary*

All directors have access to the advice and services of the company secretary, who is accountable to the board for ensuring that board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the Group.

### 2. BOARD AUDIT AND RISK COMMITTEE

A Board Audit and Risk Committee, whose chairman is a non-executive director, was established to oversee sound risk management, accounting, internal audit, internal control, compliance, forensics and ethics structures, and liaise with the external auditors. Both the internal and external auditors have unrestricted access to this audit committee, which ensures that their independence is in no way impaired.

### 3. GROUP HUMAN RESOURCES COMMITTEE

The purpose of the Group Board Human Resources Committee is to ensure that the Group is appropriately staffed in terms of skills levels and ethnic diversity and to meet the challenges of the future; programmes related to this are ratified by the committee. In addition, the committee ensures that management and staff is remunerated appropriately and that the remuneration scales, including incentive and share schemes, and conditions of employment of these subsidiaries, are market related.

### 4. GROUP BOARD NOMINATIONS AND REMUNERATION COMMITTEE

The Group Board Nominations and Remuneration Committee is responsible for the evaluation of new board appointees and ensures that board members of the Group remain competent to fulfil their duties. The committee furthermore considers and recommends to the boards in the Group appropriate remuneration for non-executive and executive directors as well as executive management.

### 5. BOARD CREDIT AND LENDING COMMITTEES

The Board Credit and Lending Committees of Bank Windhoek Ltd and Bank Gaborone Ltd play a very important role in the monitoring, granting and management of credit, especially with regard to large exposures.

## 6. INTERNAL CONTROL SYSTEM

The Group maintains systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposition. These are designed to provide reasonable assurance to the Group and each subsidiary's management and board of directors regarding the preparation of reliable published financial statements and the safeguarding of the Group's assets. The systems include documented organisational structures and division of responsibility, established policies and procedures which are communicated throughout the Group, and the proper training and development of its people. Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the boards of directors of group companies.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

Furthermore, the effectiveness of an internal control system can change with circumstances. The Group assesses its internal control systems on a continuous basis in relation to effective internal control over financial reporting. Based on its assessment, the Group believes that, as at 30 June 2008, its systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, were adequate.

## 7. RISK MANAGEMENT

A co-ordinated risk management framework is in existence for the Group, which comprise of policies and procedures, control structures and the measurement of risk, as well as the compliance with regulations laid down by the authorities. The Company, employs a risk unit which is tasked with enterprise-wide risk management, including risk management of the group companies.

### 7.1 Financial Risk Management

Financial risk management is dealt with in the financial statements in note 3 of the accounting policies.

### 7.2 Market Risk

Focused asset and liability management plays an ever important role in the financial risk management and profit enhancement programmes of the banks in the group. The asset and liability management team of Bank Windhoek Ltd and Bank Gaborone Ltd uses a specialised multi-dimensional model to assist in the formulation of recommendations to the banks' asset and liability committee ('ALCO'). The ALCO, which comprises members of the respective banks' executive management teams, as well as specialists from the treasury departments, meets on a monthly basis to review strategies, make decisions and exploit market opportunities.

### 7.3 Operational Risk

Operational risks includes losses through fraud, theft, corruption or any other occurrences. The Group guards against these risks through, amongst others, sound systems and strong internal control procedures, intervention of an active audit and risk committee and a human resources committee which determines staff policy and remuneration levels. In addition, insurance policies cover the banks' assets as well as liabilities against fraud and error.

## 8. INTERNAL AUDIT

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the boards of directors of group companies. Corrective action is taken to address control deficiencies and other opportunities for improving the systems as they are identified. The Board of Directors, operating through the Group Board Audit and Risk Committee, provides oversight of the financial reporting process.

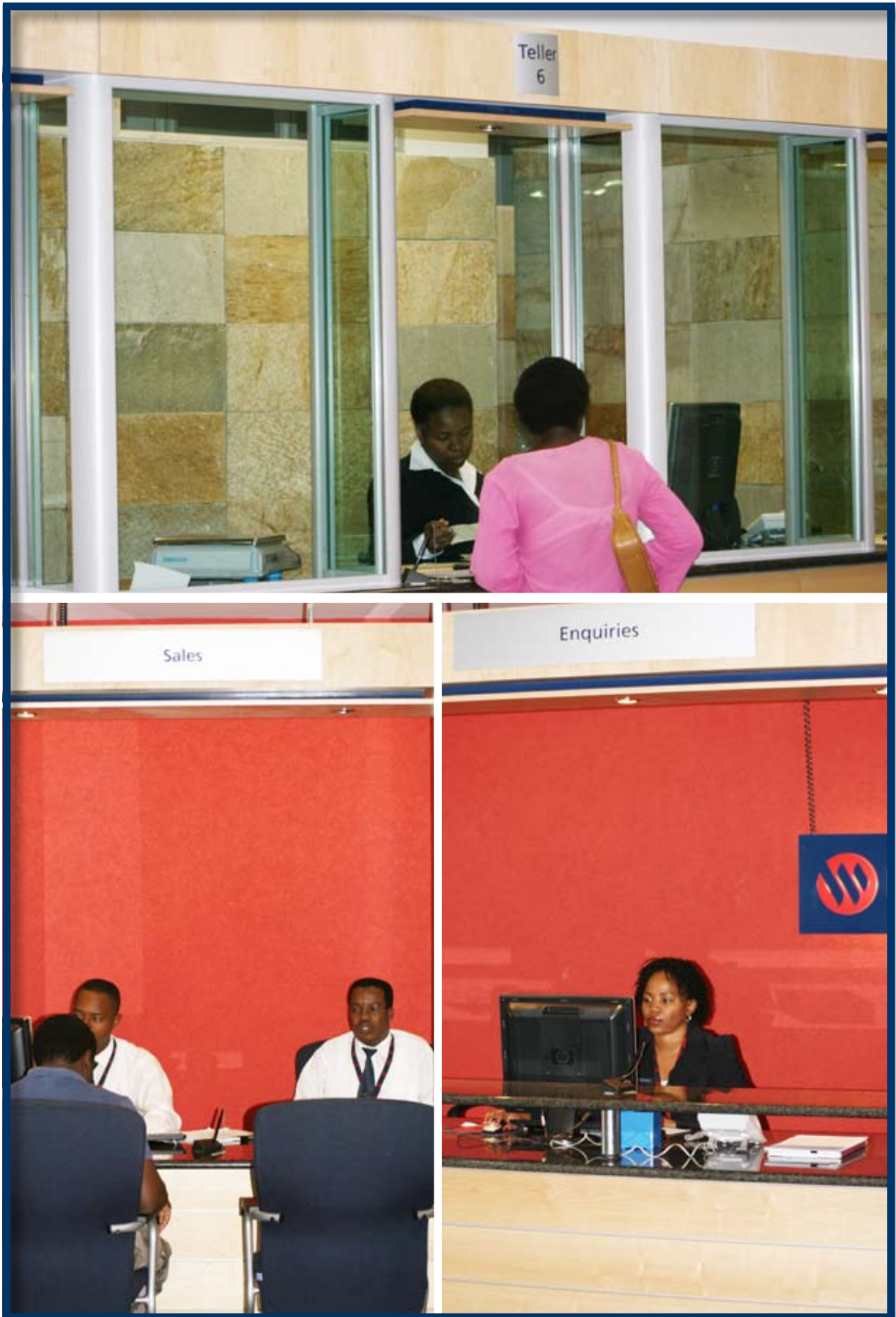
Photography 1



## Photography 2



### Photography 3





# Bank Gaborone

Bank Gaborone • Plot 5129 • Queens Road • The Mall  
Private Bag 00325 • Gaborone  
Tel: +267 367 1500 • Fax: +267 390 4007